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December 29, 2025

Mr. Joe Stephenshaw, Director
Department of Finance
1021 O Street, Suite 3110
Sacramento, California 95814

Dear Mr. Stephenshaw:

Pursuant to Control Section 4.12, I am writing to update you on the Joint Legislative Budget Committee's (JLBC) review of the elimination of vacant positions as proposed by the Department of Finance. The review included an assessment of the potential implications of the proposed elimination of vacant positions on regulatory activities, public health and safety, natural resource and environmental protection, and the implementation of recently enacted legislation.

Originally, Section 4.12 was added to the *2024-25 Budget Act* to help address the budget deficit and score savings of approximately \$1.5 billion associated with vacant state civil servant positions. It also provided the Administration with an opportunity to review open positions and determine if those positions should be done away with because they were no longer needed to perform the work they were responsible for carrying out.

In addition, Section 4.12 was intended to give the Legislature and the budget committees time to review the positions that were proposed for elimination. Unfortunately, the Administration did not provide the list of positions on January 10, 2025, as required. Instead, in May 2025, the Department of Finance provided the JLBC a list of 6002 vacant positions it was proposing to permanently eliminate on July 1, 2025 with a revised savings of \$490 million.

Subsequently, the *2025-26 Budget Act* amended Section 4.12 to postpone the elimination of the vacant positions until January 1, 2026 and narrowed the scope of the Legislature's review. It gave the JLBC time to review the proposed eliminations in just nine specified high-priority departments along with the elimination of positions that were approved to implement legislation adopted in 2022 and 2023. In doing so, the Legislature compromised with the Administration,

allowing an elimination of the vast majority of positions to achieve savings without the significant Legislative oversight that was originally agreed to.

The JLBC reviewed the proposed eliminations based on a variety of criteria depending on the mission of each department. For each department, the JLBC attempted to identify which positions, if eliminated, would negatively impact a department's ability to implement key priorities. The criteria included, but were not limited to, the following:

- Were any of the positions originally authorized as part of a reorganization or to improve program outcomes?
- Will the elimination of positions reduce a department's ability to meet its service-based budgeting goals?
- Do any of the positions perform important roles in public safety or criminal investigations?
- Does a department have a backlog of cases/workload that could be addressed by filling the vacant positions?
- Does the department have a staffing shortage that limits its ability to effectively perform its mission?
- Will the elimination of the positions impact the department's ability to implement recently passed legislation?
- Will the elimination of positions impact the ability of a department to generate revenue or perform work that is reimbursable?
- Do any of the positions perform a service that is provided directly to a client or constituent?

After reviewing the responses from the various departments, JLBC has identified 650.1 positions that merit additional review by the Legislature. At this time, the JLBC cannot concur with the elimination of these positions which will allow the budget subcommittees in the two houses the opportunity to evaluate the impact the eliminations will have on key programmatic goals.

Further, we encourage the Administration to not eliminate positions that could help meet new federal requirements under the recently enacted HR 1 or other federal actions, such as reducing the state's SNAP error rate to avoid loss of critical federal funding for nutrition programs.

The Legislature remains committed to achieving savings envisioned in the *2024-25 Budget Act*. The Legislature will work with the Administration through the upcoming budget process to review the list of positions the JLBC has identified to determine if they should ultimately be eliminated. Further, the Legislature welcomes proposals from the Administration for alternative administrative efficiency options to achieve the original level of expected savings. Options could include expanding transparency of department and agency spending and strengthening the Department of Finance's powers over departmental and agency expenditures to ensure expenses accurately reflects the intentions of the Legislature and the annual budget act. Allowing the

budget committees the opportunity to review the positions that the JLBC has identified will help ensure program outcomes and the delivery of services are not negatively impacted.

In conclusion, I have attached a list of the positions that should not be eliminated and look forward to having further discussions about the impact the proposed eliminations will have on program delivery.

Sincerely,

A handwritten signature in black ink that reads "Scott Wiener". The signature is fluid and cursive, with "Scott" on the top line and "Wiener" on the bottom line.

Scott Wiener
Chair

cc: Members of the Joint Legislative Budget Committee